



Stormwater Rate FY 2011-2012

Agenda Item for May 16, 2011



Stormwater is a Utility

- ***The fund is a true utility*** receiving no tax support and pays indirect costs to the General Fund for any support from other departments/activities.
- ***Expenses are funded by the fees*** (rates) charged customers (95%+ of revenues), with the remainder generated from other service fees and transfers.
- The fund has an annual budget of ~\$11.4M, with staffing of 93 FTEs including one new Water Quality Analyst added to address Jordan Lake Rules.
- Activities of the fund are directly related to requirements of the ***National Pollution Discharge Elimination System (NPDES) permit*** including state regulations.



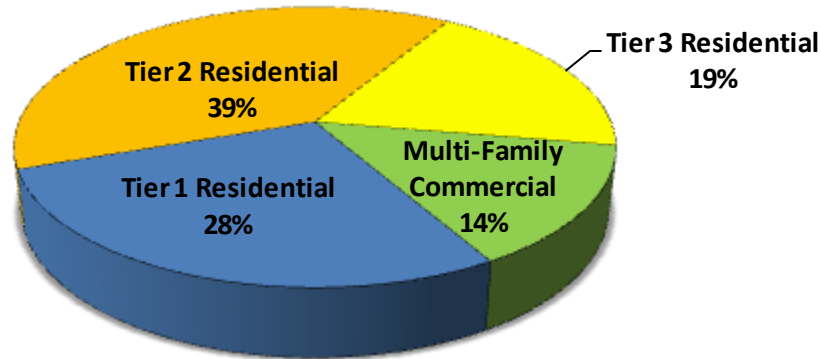
Why is a Rate Increase Needed?

- Increased indirect and risk (insurance) costs.
- Increases in personal services and benefits costs.
- The addition of one new Water Quality Analyst to address Jordan Lake Rules.
- Replacement of stormwater maintenance and street cleaning fleet vehicles that have outlived their economic and service lives.
- Support for Capital Improvement Program (CIP) costs.



Customers/Revenues by Tier

61,238 Customers Accounts

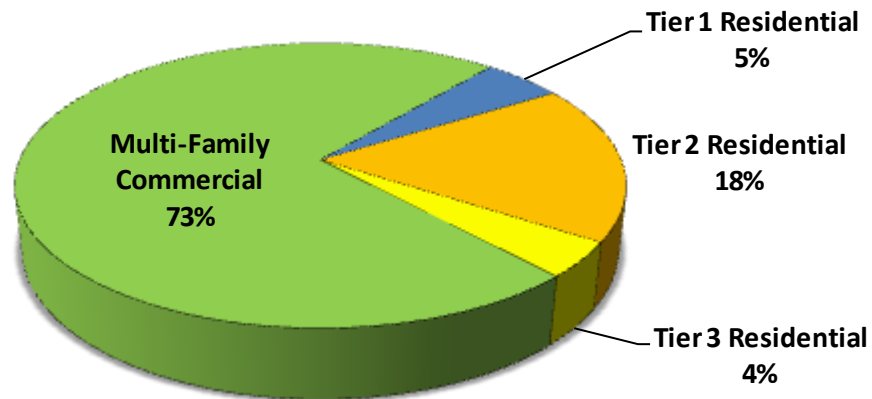


86% of Customers are Residential

Rate revenues are 73% Multi-Family and Commercial

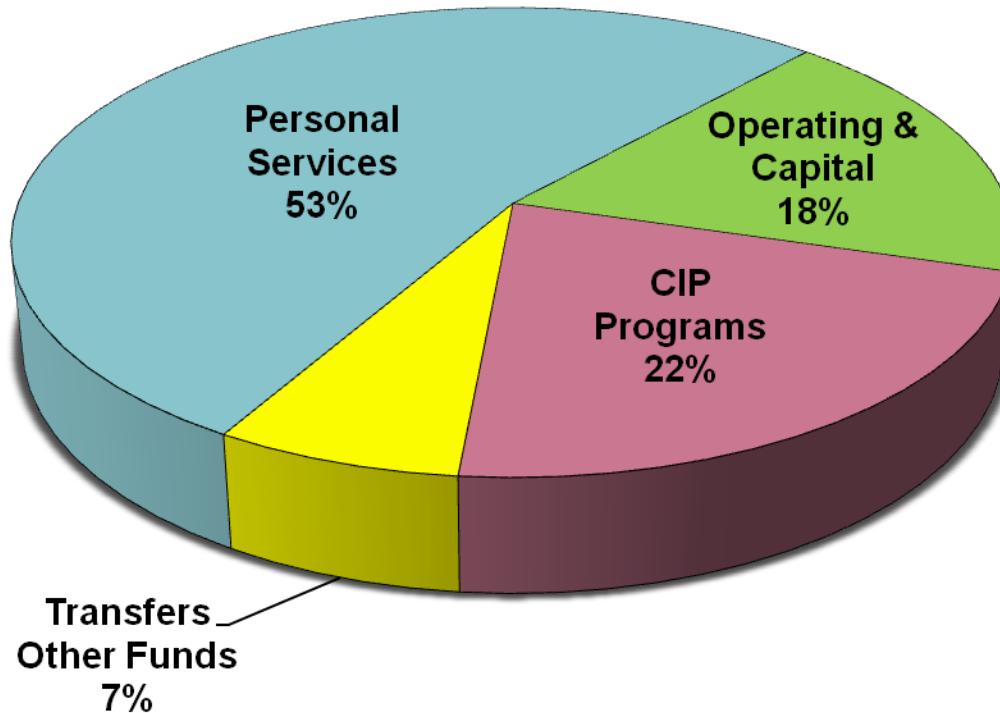
Revenues are reflective of impervious area ownership in the City

\$10.8M Rate Revenue Source

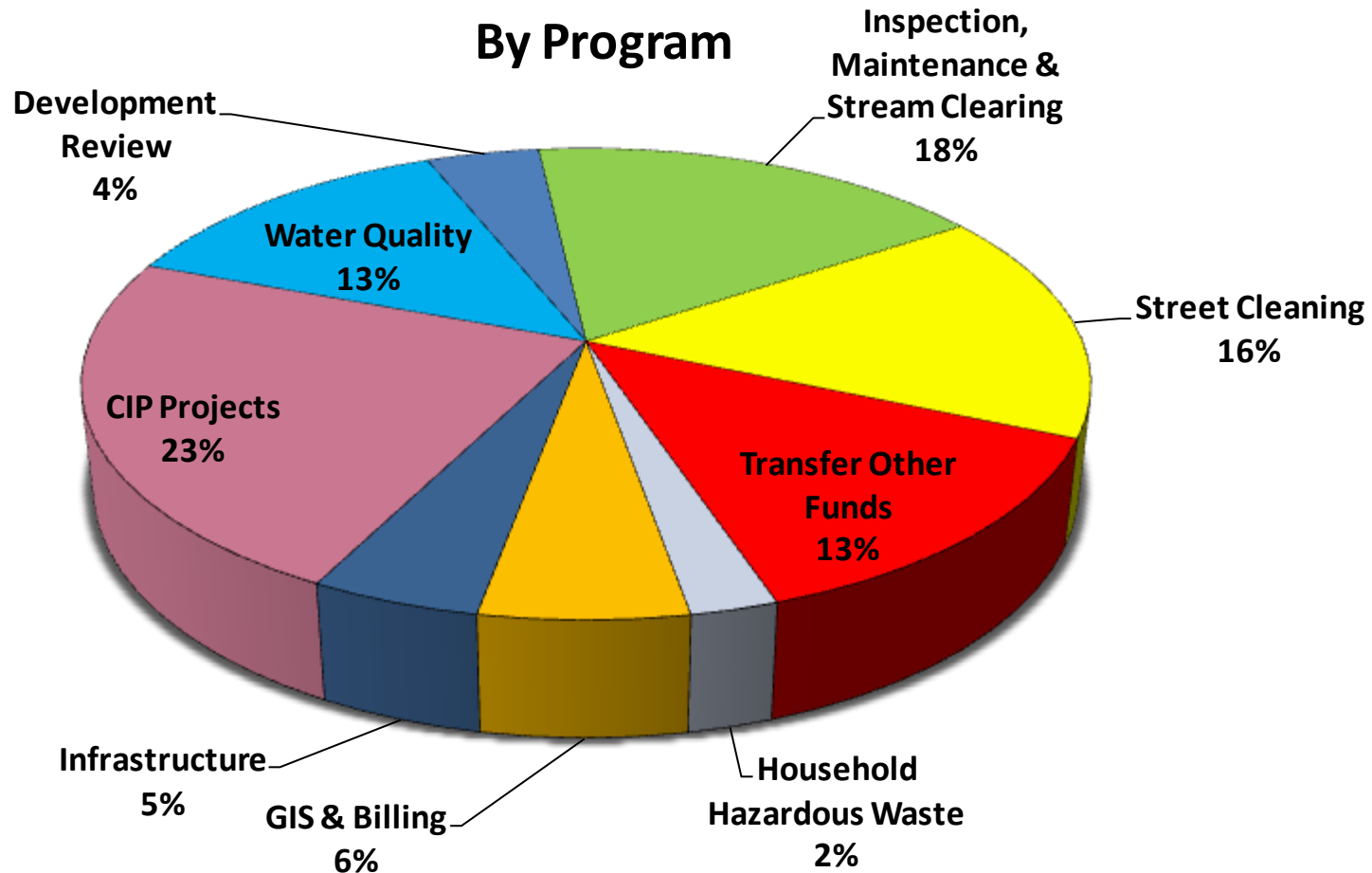


Stormwater Spending

By Category

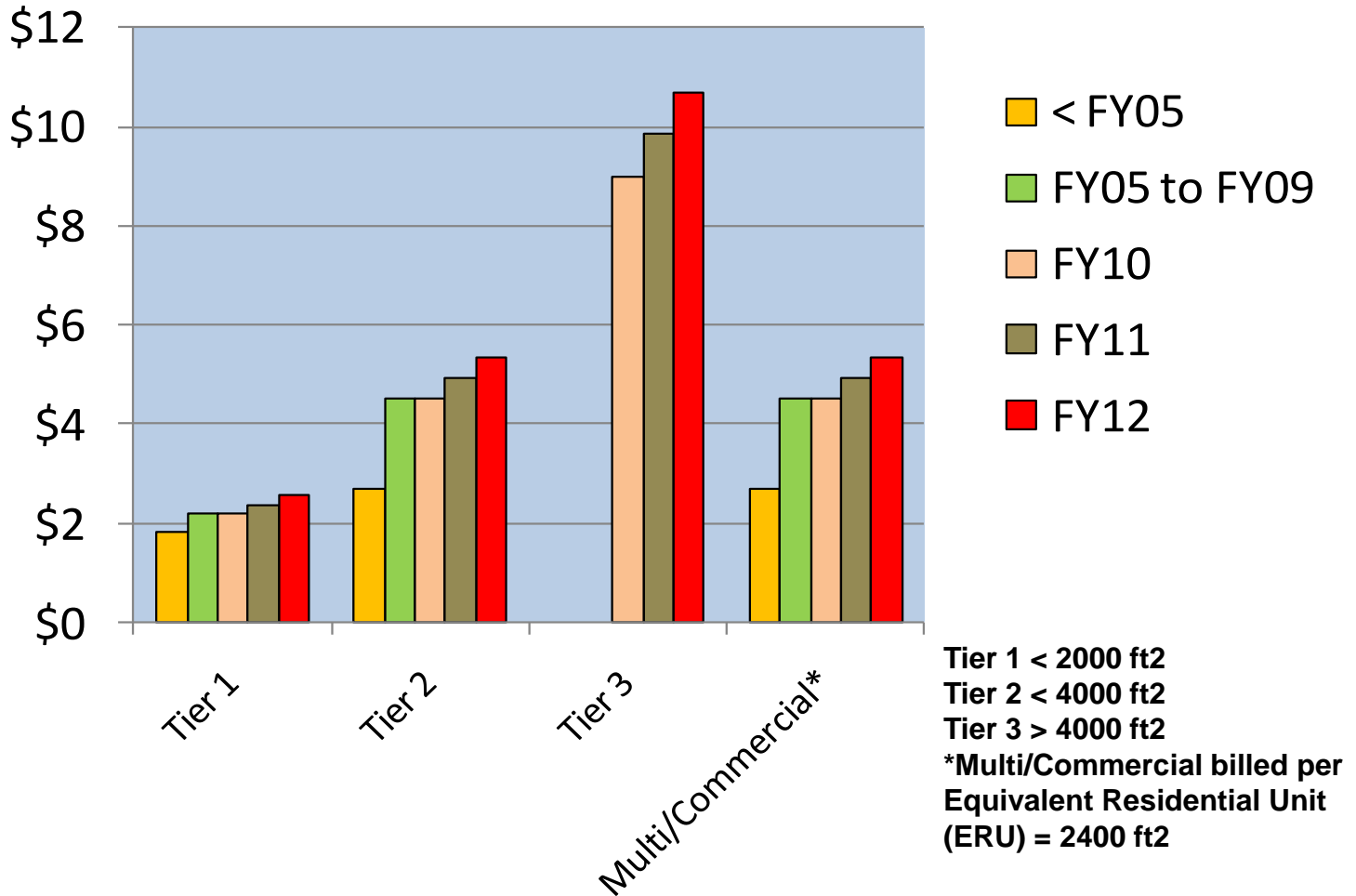


Stormwater Spending



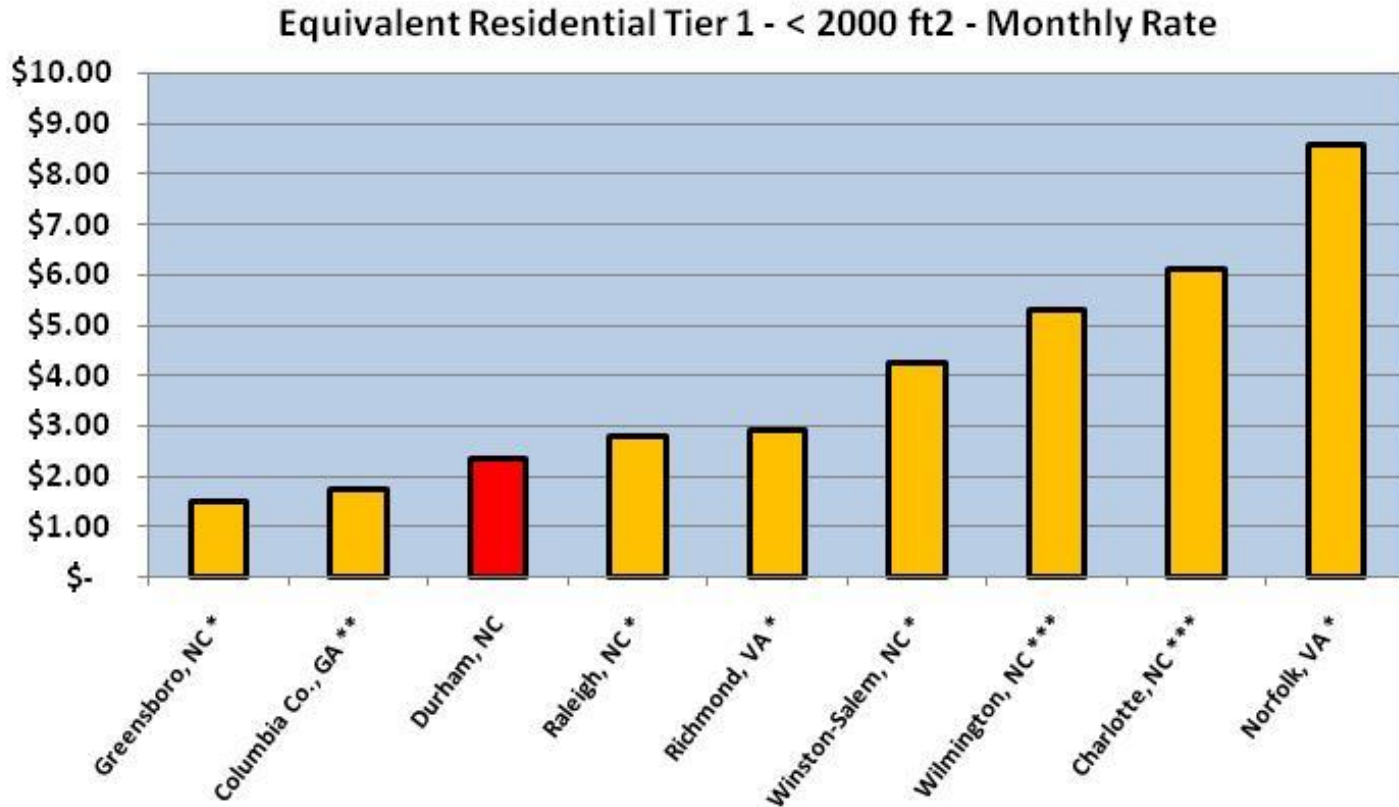
Stormwater Rate History

Monthly Billing \$



Monthly Bill Benchmarking

Tier 1 Residential

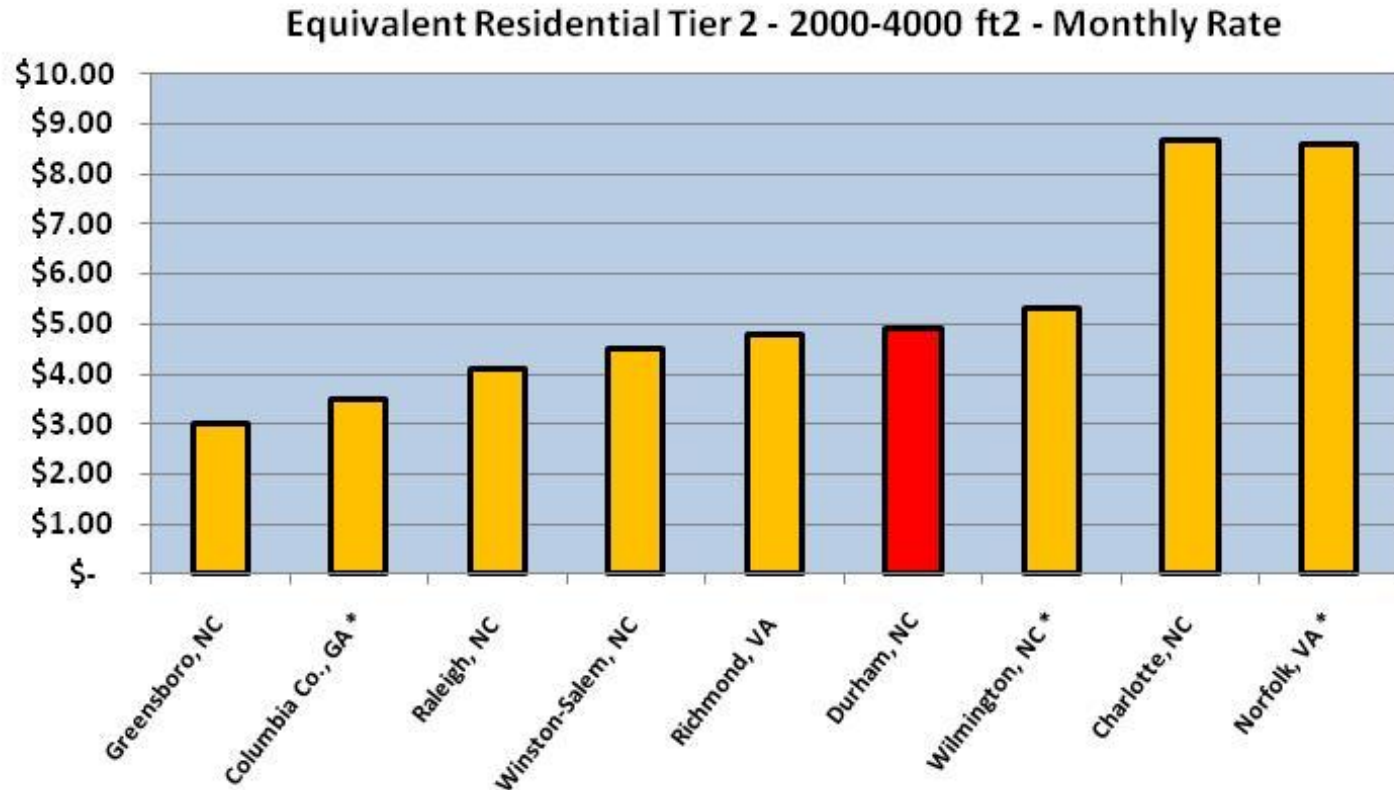


* Benchmark Locality ** County adjacent to Augusta, GA *** Added NC Locality

Benchmark cities of Augusta, GA, Baton Rouge, LA, Little Rock, AR, Montgomery, AL and Shreveport LA have no stormwater utility or fees.

Monthly Bill Benchmarking

Tier 2 Residential

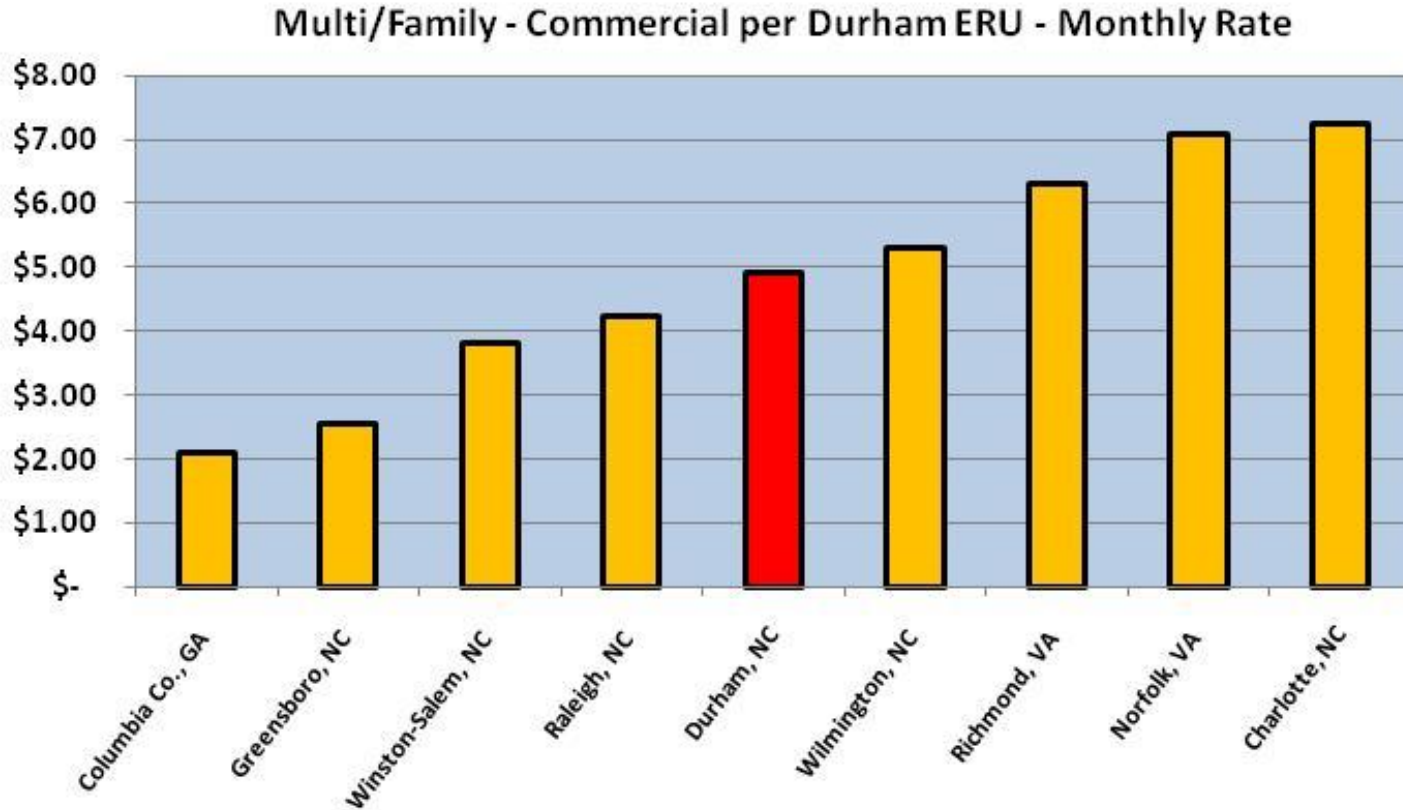


* No Tiered Rates

Benchmark cities of Augusta, GA, Baton Rouge, LA, Little Rock, AR, Montgomery, AL and Shreveport LA have no stormwater utility or fees.

Monthly Bill Benchmarking

Multi-Family and Commercial



Calculated on Durham ERU of 2400 ft²

Benchmark cities of Augusta, GA, Baton Rouge, LA, Little Rock, AR, Montgomery, AL and Shreveport LA have no stormwater utility or fees.

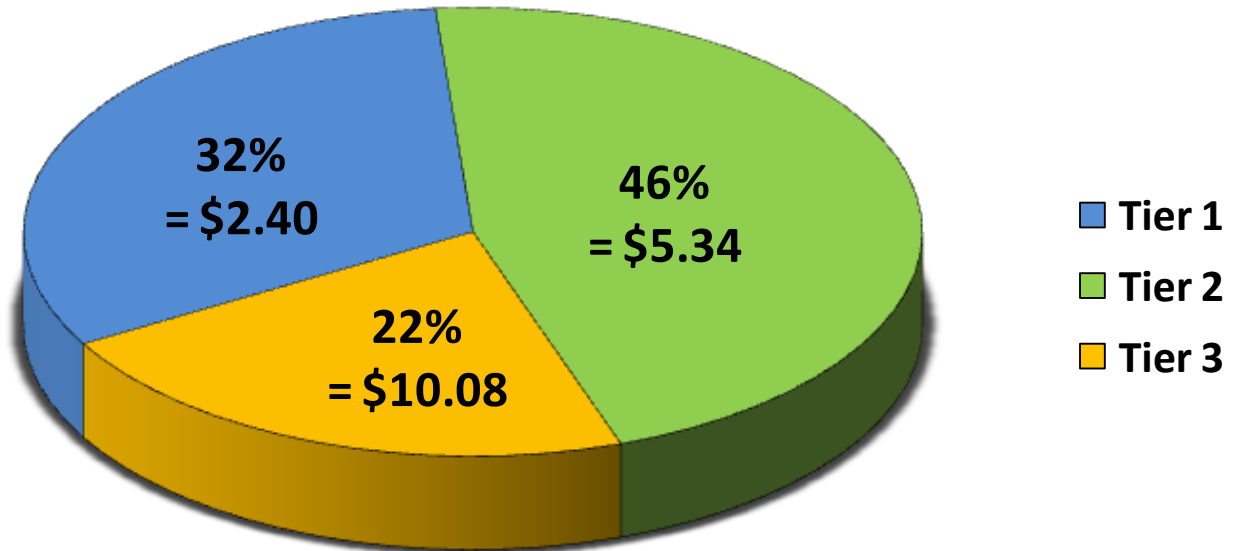


Rate Setting Objectives

- Customer Affordability
 - ***Rate Increase averages 8.5%.***
 - ***Annual rate impact on residential customers ranges from \$2.40 (Tier 1) to \$10.08 (Tier 3).***
- Sustainability of the Utility
 - Continue to build account base to level that will support long-term capital debt service needs.
 - Address infrastructure and fleet needs.
 - Recognize increased risk and personal services costs.

Annual Residential Bill Impact 8.5% Increase

% Customers by Tier



Customer Bill Impact

8.5% Increase

Tier	Current Monthly Rate	8.5% Increase	Monthly Increase	Annual Increase
1 - Residential	\$2.37	\$2.57	\$0.20	\$2.40
2 - Residential	\$4.92	\$5.34	\$0.42	\$5.04
3 - Residential	\$9.84	\$10.68	\$0.84	\$10.08
Avg. All Non-Residential *	\$66.72	\$72.39	\$5.67	\$68.04

*Includes ERU based monthly, bimonthly and HOA's. There is a significant range of actual billing amounts in non-residential bills as they are based on the actual number of ERU's.

Residential bills are annual with customer option for monthly billing.



Multi-Year Rate Strategy

- Rate model quantifies long-term capital and operational impacts of significant issues such as Falls and Jordan Lakes.
- Use of revenue bonds will flatten impact of rate increases for large capital projects.
- ***Utilization of debt service and annual planned rate increases substantially below 10%*** will spread costs and avoid rate-shock and other adverse customer impacts while meeting NPDES permit requirements.
- A range of budgetary impacts related to implementing infrastructure to address Falls and Jordan Lake rules will remain flexible and will include both Stormwater Fund and Water and Sewer Fund solutions.